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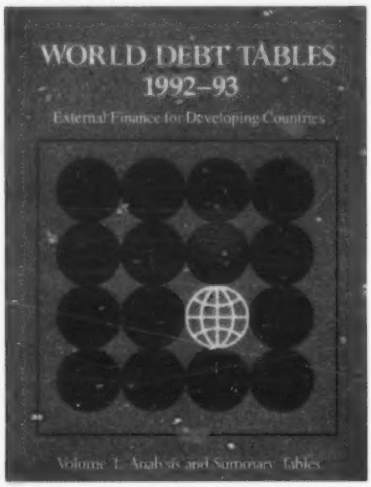
World Debt Tables Off the Press

The pattern of external resource flows to developing countries changed significantly in recent years, according to the *World Debt Tables 1992-93*, published by the World Bank on December 17.



In 1992, aggregate net resource flows increased by 17 percent, according to the report. The flows, comprising debt, equity and grants, reached $134 billion, with foreign direct investment and portfolio investment showing the sharpest rise.

The resource flows played out differently across the developing world. In middle-income developing countries, aggregate net resource flows rose by 130 percent during the past three years to a projected level of $89 billion in 1992. In low-income developing countries, the flows remained broadly unchanged in 1992 at about $44 billion.

The large increase in flows to middle-income countries stemmed mainly from the upturn in private flows. In many of these countries, private resource flows are playing a much bigger role. Also, within these flows, there has been a shift from debt to equity financing, comprising foreign direct and portfolio equity investments, and from bank to non-bank sources.

Few of the low-income countries, however, benefited from the recent resurgence of private capital flows. Most low-income countries, especially those severely indebted, remain heavily dependent on official sources to help finance their development projects and economic adjustment efforts.

The external debt of all developing countries may reach $1.7 trillion by the end of 1992, up by nearly $100 billion, the report also said. During the year, reduction of debt stocks through debt restructuring and reduction was more than offset by substantial new lending and changes in exchange rates. But the report said that indebtedness ratios are expected to remain unchanged because the growth in developing country exports and output has paralleled the increase in debt stocks.

The worldwide flow of resources varied widely from region to region.

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Agreement on IDA Reached in Berne

Replenishment Will Fund Projects In Next Three Years

World Bank Managing Director Ernest Stern, who is Chairman of the IDA-10 replenishment negotiations, announced the agreement reached December 15 in Berne, Switzerland by 34 IDA donors on an SDR 13 billion (approximately $18 billion) replenishment of the resources of the International Development Association (IDA), which lends on concessional terms to the world's poorest countries.

When combined with repayments by IDA borrowers, this 10th replenishment of IDA will finance a total of about SDR 16 billion (approximately US $22 billion) in commitments for development projects over a period of three years starting in July 1, 1993.

Mr. Stern welcomed the agreement which, at a time of world-wide recession, severe budgetary pressures and many conflicting domestic and international demands, reflects the continued commitment of the donors to support the needs of hundreds of millions of the poorest people in low-income countries of Africa, Asia and Latin America.

The donor representatives recognized the growing needs for concessional funding in the low-income countries. Recent

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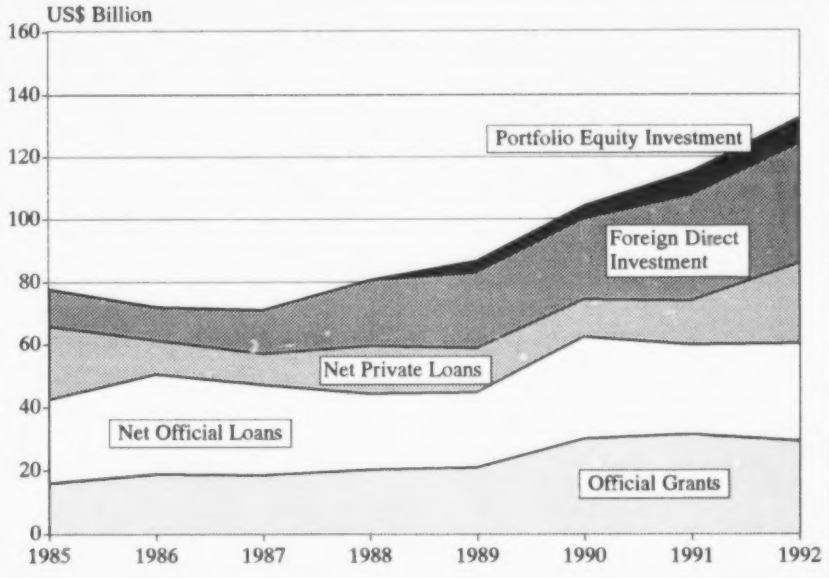
East Asian and Pacific Countries Had "Excellent" Market Access

DEBT, *from page 1*

Latin America and the Caribbean witnessed a surge in private-source capital inflows in 1992. The rise stemmed from improved economic policies and the catalytic effects of commercial debt reduction agreements for many countries in the region.

East Asia and the Pacific continued to enjoy excellent market access, thanks to high creditworthiness. Countries in the region also attracted increasing foreign direct investment, signalling investor confidence in private-sector prospects. South Asia, meanwhile, remained mainly dependent on official flows. But prospects did improve somewhat for attracting private finances, due in part to regulatory change.

Real Aggregate Net Resource flows to Developing Countries, 1985–92



All flows are deflated by the import unit value index (IMF: WEO) at constant 1992 dollars, 1992 deflator is a World Bank staff estimate;
Data for portfolio equity investment are World Bank estimates, available since 1989 only.

North Africa and the Middle East is projected to see some increase in foreign direct investment, following a stagnation of capital flows in 1991. Official concessional finance remains an important component of external financing in the region.

Sub-Saharan Africa continues to rely heavily on concessional official financing. Net flows and net transfers are very large, relative to gross national product. But, for some of the most severely indebted countries, debt servicing remains unsustainably high in relation to export earnings and GNP.

Europe and Central Asia was dominated by developments in the Former Soviet Union, which is included for the first time in the aggregate statistics of the *World Debt Tables*. Due to deferral agreements reached by the FSU and its creditors on debt service, net flows and transfers improved significantly in 1992 for the region as a whole. Net flows are expected to rise for other countries in the region, though at a more moderate rate.

World Debt Tables is priced at $16.95 for the first volume and $125 for the two-volume set. Journalists may receive complimentary review copies by writing on company letterhead to the World Bank, Office of the Publisher, Marketing Unit, Room T-8048, Washington, D.C. 20433, U.S.A. Fax: (202) 676-0579.

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Debt Crisis Over For Some But Not All, Says Bank Official

The debt crisis is largely over for some countries in the developing world, but others still need assistance in coming years, according to Masood Ahmed, Chief of the Debt and International Finance Division of the World Bank's International Economics Department.

Ahmed recently spoke to the* World Bank News *about the current world debt situation and its future. The discussion accompanied the release of* World Debt Tables 1992-93. *Excerpts follow:

WBN: Is the debt crisis over?

Mr. Ahmed: The debt crisis that dominated the headlines in the early 1980s, which was primarily a crisis of commercial bank loans to mostly middle-income developing countries, is indeed now largely over.

Developing country debt no longer poses a systemic threat to the international banking system. And there has also been a substantial resurgence in private capital flows to several of the previously debt-distressed economies of Latin America over the past three years. These are both welcome developments but they are only part of the story.

The other part concerns some 27 severely indebted low-income countries, located mostly in Sub-Saharan Africa, for whom the debt crisis is far from over. Strong official support has helped to maintain positive capital flows into these countries throughout the 1980s but several of them currently have unsustainably high debt service obligations and face a difficult return to external financial viability.

WBN: Does that mean that low-income countries will still need more debt relief in coming years?

Continued at top of next page

Mr. Ahmed: Some severely indebted low-income countries will almost certainly need additional reductions of their bilateral official debt, if their debt indicators are to be brought back to sustainable levels.

This relief would add to the substantial support that official bilateral creditors have already provided in the context of progressively more concessional debt rescheduling arrangements offered by the Paris Club, as well as through bilateral programs of ODA forgiveness.

An equally important challenge will be to assure adequate new concessional funding to meet the future development needs of these countries and to support the countries themselves in maintaining an economic policy framework that will permit the effective use of scarce resources, whether from domestic or foreign sources. IDA and other multilateral agencies will continue to play a leading role in this regard.

WBN: Argentina signed an agreement with its creditor banks on December 6 that will reduce its commercial bank debt by one-third. How will this agreement affect the world debt situation?

Mr. Ahmed: Argentina's Brady deal with its commercial bankers is an important element in the resolution of the debt crisis for middle-income countries. Once this deal, and the one for Brazil which is also well advanced, are fully implemented, over three-quarters of the commercial debt of developing countries will be in countries which are not restructuring their debt. Of the remaining $83 billion, nearly a quarter is accounted for by the commercial bank debt of the former Soviet Union which is included for the first time in this year's *World Debt Tables*.

WBN: What has the debt crisis taught the world about economic development? What policy lessons have we learned?

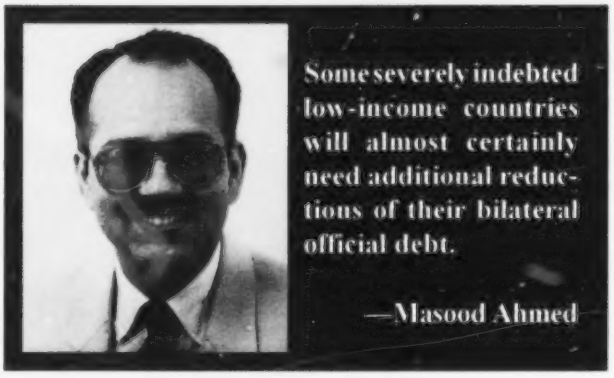
Mr. Ahmed: The principal lesson of the debt crisis is that domestic resources and policy, not external finance per se, are the key to explaining differences in economic performance.

External finance can play an important beneficial role, but only when it supplements and supports sound development policy. Some countries, such as Korea, Thailand and Indonesia, which were active borrowers in the 1970s, still managed to avoid a prolonged period of debt-related difficulties in the 1980s because they adjusted their own policies quickly to worsening international economic conditions. Other countries which tried to postpone economic reform had a longer period of stagnant growth.

WBN: Can another debt crisis be averted?

Mr. Ahmed: The 1980s were not the first time that there was an international debt crisis and no one can say with certainty that there will never be another one. However, there are a couple of lessons from the last crisis which should help to avert the next one.

The first of these lessons is that prudent borrowing and lending policies should take into account the possibility of adverse external shocks. During the 1970s, real interest rates were low and developing countries' terms of trade were favorable by historical standards. But borrowing and lending decisions based on an extrapolation of these circumstances turned out to be disastrous for lenders and borrowers alike when the international economic environment worsened in the early 1980s.



Some severely indebted low-income countries will almost certainly need additional reductions of their bilateral official debt.

—Masood Ahmed

The second point is that borrowing which is not used to finance productive investments or structural change is likely to become unmanageable very quickly. One important difference between the developing countries that had debt servicing difficulties in the 1980s and those that did not is that the latter were more careful in how the money they borrowed was being used.

WBN: Are there better opportunities for investment in developing countries in the 1990s?

Mr. Ahmed: While it is difficult to generalize, the near doubling of private capital flows to developing countries over the past two years is evidence of the improved prospects for investment in these countries.

Private investors and lenders are encouraged by three factors. One, a sweeping advance in policy reforms which has led in many countries to an improved fiscal and inflationary environment, as well as a more outward oriented trade regime. Two, widespread changes to enhance the role of the private sector and to divest public enterprises in sectors where they have no comparative advantage. And three, an improved assessment of risks by investors which has been made possible by the greater availability of information from rating agencies and market reports. More stringent accounting and disclosure standards in developing countries have also helped.

WBN: Portfolio flows have been growing very rapidly since 1989 and are now quite important for Latin America. Isn't there a concern that these flows may be volatile and unsustainable?

Mr. Ahmed: The remarkable growth in portfolio flows, from under $8 billion in 1989 to an estimated $27 billion in 1992, provides the recipient countries with significant new opportunities but it also raises issues of economic management and financial sector regulation.

One such issue is whether these flows are driven more by "push" factors like lower interest rates in their home markets or by the "pull" of enhanced investment opportunities in recipient countries that are perceived as being more attractive. Different analysts have attached different weights to these two forces and it is too early to determine precisely what their relative impact will be in practice.

One thing that is clear, however, is that these flows have not gone in significant amounts to countries where investors view economic prospects with uncertainty. It is also important to stress that not all types of portfolio flows are equally sensitive to exogenous changes and that institutional investors, who are participating in this financing to an increasing degree, generally have longer term investment objectives. □

READEX
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Mexico City Fights Its Way Out of Smog

More than 15 million people make Mexico City their home, pushing the urban area into the ranks of the world's most populous cities.

Swelling the streets alongside Mexico City's sprawling population are millions of cars, buses and taxis that together spew forth more than 1 million tons of pollutants into the air every year. Vehicles are the main source of the city's air pollution and account for more than one-half of emissions. The pollutants, often exceeding healthy limits, have taken their toll on city residents.

To cut down on the rise in pollutants churned out by vehicles, the Mexican government is launching a $1.1 billion air quality-improvement project. On December 15, the World Bank approved a $220 million loan for the effort.

The Mexican project aims to reduce the rise in air pollution in the entire Mexico City Metropolitan Area, a region covering the capital city, 17 municipalities and 30,000 industrial establishments.

Most of the project will focus on reducing pollution from the 3 million vehicles in the area. It aims to set tougher emission standards for new vehicles, improve emission standards for vehicles already in use and improve inspection programs. Under the project, the city also wants to replace old taxis, trucks and minibuses with new emission-controlled vehicles.

The project also aims to install new systems at gas stations that would trap gasoline vapors and reduce refueling emissions by 90 percent. Another will speed up the re-equipping vehicles so they can use alternative fuels.

Another part of the project will improve the city's transportation-management policy. The project would also improve the city's air pollution control measures and introduce computers and new equipment for better pollution monitoring. The city's environmental agency would benefit from expert advice financed by the World Bank loan.

Mexico City's pollution rises from several different sources, including industry, commercial and service sector activities, waste disposal and natural sources like vegetation and windblown dust.

But road transport belches forth most of the city's pollutants. In 1989, road vehicles emitted 1.32 million tons of pollutants. In 1995, that number is expected to jump to 1.84 million tons a year if no actions are taken. The new project would cut emissions to 1.4 million tons by 1995.

The massive number of vehicles in the Mexico City area are mainly responsible for the high levels of air pollutants. But it's not just the large numbers that are to blame. Many of the vehicles are poorly maintained and do not have catalytic converters.

Still, the sheer numbers of vehicles cause problems. In the Mexico City area, 2.6 million cars ride the roads. A fleet of 67,000 taxis also adds to the pollution, as well as 38,000 buses and 260,000 trucks. Adding to the city's air pollution are the thousands of trucks that pass through the metropolitan area

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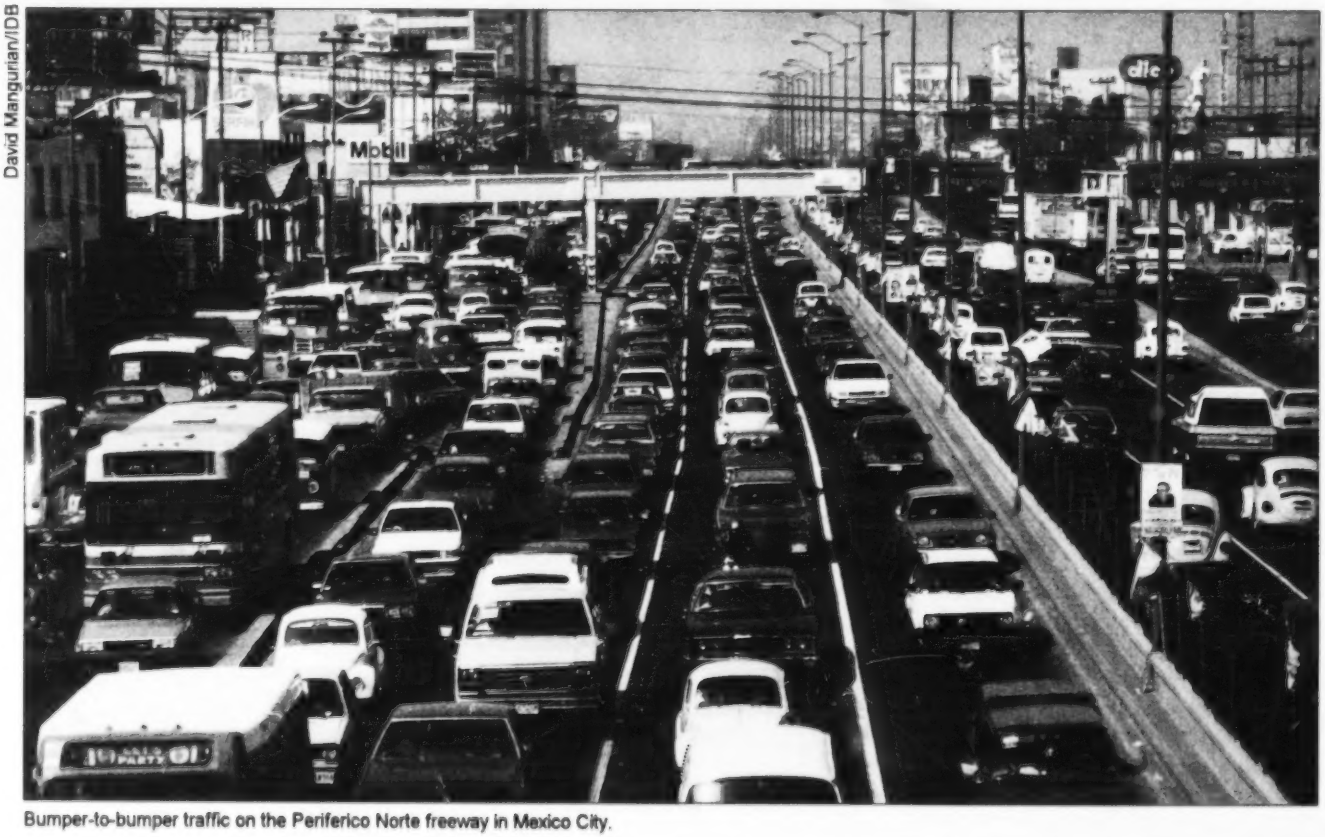
David Mangurian/IDB



Bumper-to-bumper traffic on the Periferico Norte freeway in Mexico City.

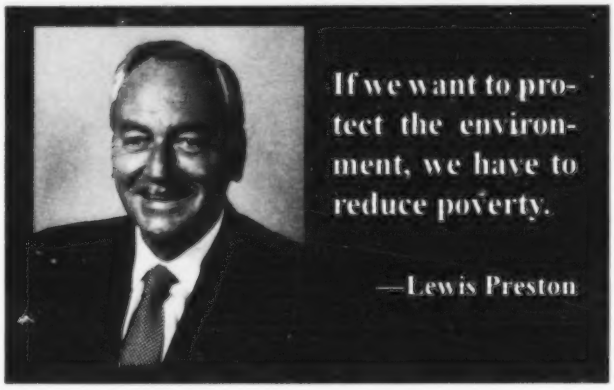
Preston Reaffirms Pledge To Tackle Poverty, Protect Environment

Meeting today's global environmental challenges depends on success in tackling poverty, World Bank President Lewis Preston said in Washington on December 15 in an address to the World Resources Institute (WRI).

Poverty is at the root of the world's environmental and development problems. Mr. Preston said, "if we want to protect the environment, we have to reduce poverty."

The World Bank president said the focus of the World Bank's work is to promote sustainable development and added that the goals of poverty reduction and environmental protection go hand in hand.

Pledging to follow up on promises made during the June 1992 Earth Summit in Rio de Janeiro, Mr. Preston said the World Bank—with help from a variety of organizations, including the WRI—is already taking steps to help developing countries protect the environment and stamp out poverty. Bank actions have included environmental-impact assessments of development projects, support to governments in putting together national environmental action plans, financing for environmental-management projects in more than 40 countries, and an increase in investments that are good for poverty reduction and the environment. As an example, Mr. Preston said the Bank's support for clean water and sanitation projects is expected to double over the next three years.



The Bank is also paying more attention to the "crucial role of women as managers of natural resources" in developing countries, Mr. Preston said. And, the institution is maintaining support for research on environmental technologies.

The World Bank, along with other key players in the international community, faces four challenges to meet the Earth Summit's goals of promoting sustainable development:

- The international community must follow up on agreements reached in Rio.
- The international community must support the developing countries as they strengthen their environmental policies and institutions.
- The Bank and others must help developing countries attack local environmental problems that hurt the poor the most—especially unclean water, inadequate sanitation and soil degradation.
- And, there must be increased attention on slowing global population growth, which poses a major threat to environmental sustainability.

The World Resources Institute, which is celebrating its 10th anniversary, is a research and policy institute that promotes sustainable use of the world's natural resources and the preservation of the global environment. □

Air Pollutants in Mexico City

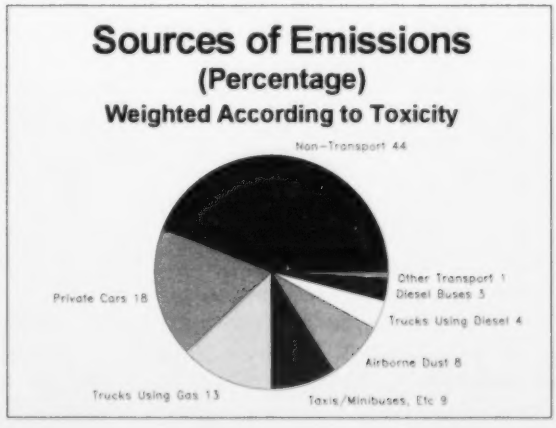
The millions of vehicles in Mexico City are worsening the public's health by emitting dangerous air pollutants including ozone, particulates and carbon monoxide.

Mexico City's ozone levels are currently one of the highest of any city in the world, reaching three times the international norm. Exposure to high ozone levels causes irritation of the respiratory tract, reduces lung function and can retard plant growth.

Particulates often exceed the Mexican health advisory level in most parts of the city. This form of pollution results from direct emissions of smoke and fumes, dust stirred up by vehicles and windblown dust from areas where trees and plants have been stripped from the land. Exposure to high levels can increase rates of illness and death from respiratory causes.

Carbon monoxide levels, often exceeding Mexican standards, are worsening. Formed by the incomplete combustion of carbon-containing fuels, carbon monoxide prevents the transport of oxygen through the body. It can reduce oxygen supply to the brain, heart, and linings of blood vessels, and can cause shortness of breath, increased blood pressure, headaches and difficulty in concentration.

Toxic and carcinogenic air contaminants like benzene and formaldehyde are of concern, but no hard data on those pollutants are available. Lead in the Mexico City area is near or below international norms but is considered unsafe at any level.



Nutrition Is Crucial for Development

More than 1,400 delegates from 160 countries gathered in Rome in early December for the first International Conference on Nutrition. On December 11, the group adopted a world declaration expressing determination to end hunger and all forms of malnutrition. The World Bank was represented in Rome by Alan Berg, the institution's Senior Nutrition Advisor. Following are excerpts from Berg's remarks to the conference:

In recent years, the World Bank has engaged increasingly in nutrition operations. This is not only because of equity. As sources who are much more knowledgeable have said here, nutrition affects productivity, learning and a variety of other important factors that impinge on development.

Alan Berg

There are also three other reasons we now lend for nutrition operations. First is recognition that previously expected routes to adequate nutrition—increasing agricultural production and increasing incomes, as important as they obviously are—of themselves are insufficient.

There are infection issues and behavioral issues and access issues that must be dealt with as well. And, in any case, raising incomes and raising agricultural production to a point that meets the nutrition needs of the poor takes an unacceptably long time for many countries. For some countries, it takes at least a generation. More direct and immediate responses to malnutrition are also needed.

We also now invest in nutrition operations, quite simply, because a number of governments have been asking for them. They are applying for loans for nutrition in the same way they apply for loans for education, health and agriculture. In short, a demand has developed for such projects.

Third, we invest in nutrition projects because a number of countries—sometimes, but not always with assistance from one or another of the United Nations or bilateral agencies—have demonstrated impressively that their nutrition programs do work.

Countries as different as Tanzania, Thailand and Chile and parts of India and Zimbabwe, in some cases, have reduced serious malnutrition by 50 percent or more. In terms of both equity and efficiency, they have demonstrated that nutrition turns out to be a very attractive investment in human resources—and thus an attractive investment in national development.

The message today...is that as country delegations begin to develop their thoughts and target their goals in the follow-up process of this conference, you perhaps may want to consider the possibility of the World Bank as a potential partner in pursuing your nutrition strategy.

We do not have all of the answers. Many of our fellow United Nations and bilateral agencies have much more experience in the field. We have learned from them and commonly collaborate with them on projects. We also have benefited from the work of certain non-governmental organizations. More importantly, we have learned considerably from you, from the experience of many of your governments in countries where we have had the opportunity to engage in nutrition work. So by now we have a modest bit of experience in several types of settings that might possibly be of use and, if so, will happily be shared with interested countries. □

Nutrition and the World Bank

Investing in nutrition is key to the World Bank's overarching objectives of reducing poverty and spurring economic growth, says a new World Bank report issued at the International Conference on Nutrition in Rome.

Over the past six years, the World Bank has expanded its direct nutrition operations eighteen-fold: from $50 million in total project costs for fiscal 1987-89 to $900 million in fiscal 1990-92, says the study, *Investing In Nutrition With World Bank Assistance*, written by Joy Miller Del Rosso of the Bank's Population and Human Resources Department. An estimated $1.2 billion is expected for nutrition operations in fiscal 1993-95.

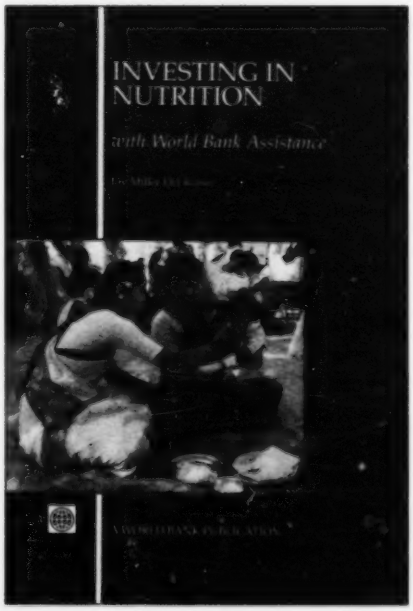
Nutrition projects are the "firmest foundation" for economic and social development, says the study.

Investing in nutrition can help workers produce more and help children learn more in school.

In poor countries, the study says, malnutrition in part causes one in three child deaths. One form of malnutrition, iron deficiency anemia, affects a majority of pregnant women in developing countries, with the consequent higher risk of death related to childbirth.

Malnutrition is mainly a result of diets lacking sufficient calories and protein, a lack of micronutrients like iodine, iron and vitamin A, often in combination with some form of infection.

Investing in Nutrition With World Bank Assistance is priced at $6.95. Journalists may receive complimentary review copies by writing on company letterhead to the World Bank, Office of the Publisher, Marketing Unit, Room T-8048, Washington, D.C., 20433, U.S.A. Fax (202) 676-0579. □



Weekly Lending Roundup

Loans and Credits Exceed $600 Million

• **Bolivia.** National environmental-protection agencies will get a boost from actions financed by a credit of SDR 3.3 million ($4.8 million) from the International Development Association (IDA). The efforts include a program to teach school children about the environment and how to protect it.

• **China.** The government will use an IDA credit of SDR 35.5 million ($50 million) to bolster agencies in charge of designing and carrying out the nation's reform programs.

• **Guinea.** An IDA credit of SDR 10 million ($14.6 million) will finance technical assistance to help the government improve postal and telecommunications services.

• **Kenya.** IDA has approved a credit of SDR 13.8 million ($19.4 million) to finance reforms and other measures to raise agricultural production.

• **Mexico.** The private sector will get a boost from a program being supported by a $174 million World Bank loan. The program includes training and employment services and actions to make it easier for micro-, small-, and medium-sized enterprises to increase or streamline production.

• **Peru.** A $30 million World Bank loan will pay for technical assistance for government agencies in charge of promoting the growth of the private sector. No funds will be disbursed, however, until the government clears arrears to the Bank for previous loans.

• **Philippines.** Businesses will become more competitive and productive as a result of a program being funded in part by a $200 million World Bank loan. The program includes reforms aimed at easing foreign investment and trade.

• **Sri Lanka.** A project being financed by an IDA credit of SDR 16.9 million ($24.3 million) will enable the government to provide water and sanitation services to 650,000 people in rural areas and towns.

• **Turkey.** Information about job opportunities will be more accessible to the public as a result of a project to strengthen the country's employment and training services. The World Bank has approved a $67 million loan in support of the project.

• **Uganda.** Small-scale farms are expected to increase agricultural production as a result of a project designed to improve agricultural research. IDA has approved a credit of SDR 17.8 million ($25 million) to help finance the project.

Mozambique to Receive $760 Million

A group representing 18 aid-donor nations and seven international organizations, including the World Bank, pledged about $760 in financial assistance for Mozambique.

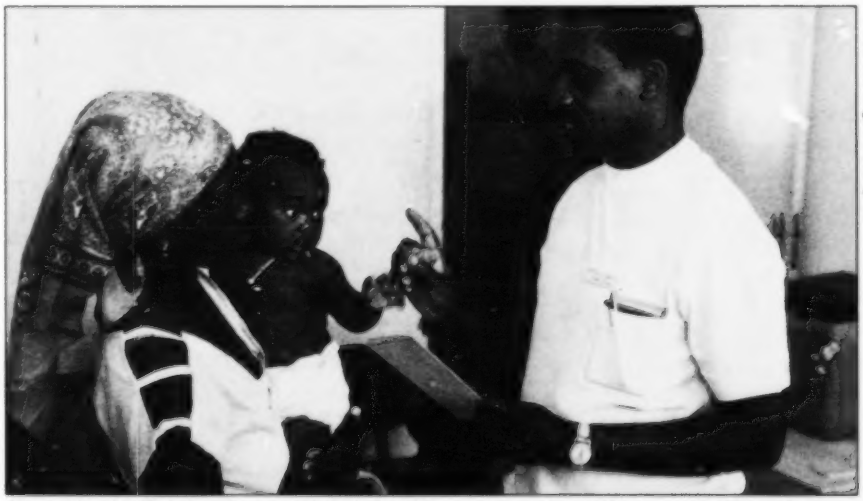
The pledges were made in Paris on December 10 at a meeting sponsored by the World Bank.

About 18 percent of the total would be provided to Mozambique in the form of food aid.

According to a statement released at the end of the meeting, the group "commended the government for its determination in achieving peace and for progress made in carrying out its reform program," despite a drought and "extremely difficult security conditions." The government has also stepped up its efforts to reduce poverty, the statement added.

But the group agreed that "further improvements" are needed in the "capacity and performance" of the finance sector and in the restructuring of public enterprises."

Stephen Denning, Director of the World Bank's Southern Africa Department, chaired the group's meeting. The Mozambican delegation was led by Prime Minister Mario da Graca Machungo. □



UNICEF/Jorgen Schytte

Mozambique's efforts to reduce poverty include shifting government spending toward health services provided by clinics like this one in Bagamoyo.

Donors Agree on Replenishment of IDA Resources

IDA, *from page 1*

geopolitical changes make it likely that IDA would be faced by a significant number of new claimants, including some of the republics of the Former Soviet Union. In addition, harsh international economic conditions, stagnation of overall official development assistance and the continued rise in population all add to requirements. Also, the obligations undertaken by the low-income countries for national environmentally sustainable programs further adds requirements.

The final agreement on an SDR 13 billion replenishment was made possible by the collaborative nature of IDA and the special efforts of a number of countries. In particular, the contributions of Switzerland, the host country, and Japan, together with the Netherlands, Sweden, Korea, Mexico, Ireland and others made it possible to achieve this objective.

Mr. Stern noted that there had been consensus among donors throughout the negotiations that IDA's principal objectives—poverty reduction, economic adjustment and growth, and environmental protection and improvement—remained central to the challenge of raising living standards in the poorest countries. He welcomed the initiatives included in the agreement that are designed to further enhance the quality and impact of IDA's lending, policy advice and aid coordination.

Regarding the issue of poverty reduction, the donors stressed the need to focus IDA funding on the poorest and least creditworthy countries, even more so than in the past. The donors recognized the sharply increased levels of lending for social sector and poverty reduction in IDA-9 and urged that this be increased even further. IDA's donors also want to see expanded support for family planning and social services for women, including education for girls.

One of the factors which donors took into account in determining the size of the replenishment was the need to integrate environmental sustainability into the development programs which IDA supports. Donors recognize the additional costs this involves and believe that in future replenishments it will be important to take full account of these costs. Donors appreciated the efforts which IDA had made to incorporate environmental considerations into its regular operational work but they look for further strengthening in this area. The donors are particularly concerned that governments carry out meaningful consultations with affected groups and local nongovernmental organizations, and that information on the environmental impacts of IDA projects be readily accessible. Donors urged that IDA expand its support to help build strong national institutions that will enable borrowers to integrate effective sustainable environmental policies in their development programs.

Donors particularly welcomed IDA's proposals to carry out improvements in the implementation of IDA-financed projects. This is a theme that World Bank President Lewis Preston has stressed since he took over the management of Bank and IDA just over a year ago.

Mr. Stern said "donors fully support our efforts to give more weight to the quality of implementation. We intend to stress project implementation in our country assistance strategies. We will ensure that borrowers have a greater sense of ownership of projects and we want to see beneficiaries and affected population groups more fully involved in project design and implementation. We'll strengthen the quality of projects at the outset and make sure they are better supervised and monitored during implementation."

Mr. Stern thanked donor governments—especially the new member and host country, Switzerland—for their support during the protracted negotiations. He noted that much remains to be done if serious progress is to be made in reducing poverty and environmental degradation in the developing world.

The donors also noted with appreciation Portugal's decision to join IDA as well as the membership of the Russian Federation. The agreement reached on the 10th replenishment, "provides an excellent opportunity to continue and indeed intensify our efforts in the partnership among our borrowers, our donors and IDA to achieve our principal common goal—to achieve a significant and sustainable reduction of poverty in the world's poorest countries." □

Mexico to Reduce Air Pollution

MEXICO, *from page 4*

daily on route to other destinations.

Air pollution increasingly threatens the health of Mexico City's burgeoning population. Aside from the health impact, the pollution wreaks an estimated $1.1 billion in economic damage every year.

The pollution often disrupts people's lives and the city's economy. When pollutants reach dangerous levels, schools are often closed, the city center is closed to traffic, and factories are temporarily shut down. In March, 1991, a major oil refinery in the city was permanently closed to reduce emissions. Drivers of private cars must now keep their vehicles off the street one day per week to reduce pollution.

Designers of the new project hope it will help improve the overall well-being of the city's population by reducing the cases of illness and premature death due to respiratory and cardiovascular illness. They hope that the improved health of the population will result in increased worker productivity, better school performance and sustained industrial growth. The project may also help increase crop yields, reduce damage to building materials and aid tourism. □

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